



Press Release

11th September 2009

Compre wins “historic” judgement in House of Lords

On 30th July 2009, the House of Lords handed down its judgment in *Lexington Insurance Company v Wasa International Insurance Company Limited* (“Wasa”), overturning the Court of Appeal’s decision and finding in Wasa’s favour.

Compre Holdings acquired Wasa and Stockholm Reinsurance Compant Limited from Länsförsäkringar ABs in April 2009.

The US reinsured Lexington had a “back to back” facultative reinsurance with Wasa, under which cover was in place for a 3 year period. However, notwithstanding that the underlying policy also had a 3 year policy period, Lexington was held liable in the US courts for pollution clean up costs for losses occurring over a 50 year period. Lexington subsequently reached a settlement with its US insured and then looked to Wasa for its share of the settled losses. In finding for Wasa, the HL confirmed the principle that a period clause is fundamental to a reinsurance contract governed by English law. As such the “follow the settlements” clause did not bind Wasa to provide coverage for any pollution losses settled by Lexington which had occurred outside the period clause of the reinsurance. The presumption of a “back to back” cover, notwithstanding that Lexington had been found liable by the US courts for such losses, did not apply.

This was the first reinsurance case to be heard by the House of Lords in the last 12 years, and indeed the last ever reinsurance case heard by the English upper appellate court. The House of Lords have now been disbanded to be replaced by the new Supreme Court this October.

A pdf version of the judgement is available from the following link: [The Lords of Appeal Judgement.pdf](#)

Compre would like to acknowledge the excellent work of Addleshaw goddard who represented Wasa in this matter. AG’s summary of the HL decision is available via the following link: http://www.addleshawgoddard.com/cdc/asset_store/document/reinsurance_group_ealert_30_july_09_13031.pdf

On the 17th September 2009, Addleshaw Goddard LLP will be holding their Annual Seminar & Reception in Stockholm, at which there will be an analysis of this historic judgement and its consequences for the London reinsurance market.

For more information of Compre, please see: www.compre-group.com

Note for Editors:

Compre has over 30 years experience in delivering consultancy and managed services to the international insurance industry. It has been successful in the acquisition and management of companies in run-off and has been involved in completing portfolio transfers, managing solvent schemes of arrangement and delivering a wide range of consultancy services. Compre currently has offices in London, Helsinki, Stockholm and Malmo.



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